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STATE COLLEGES MUST ADOPT NEW FINANCIAL REPORTING SYSTEM

BATON ROUGE – State college and university financial officers from all over Louisiana are gathering here today and tomorrow (Jan. 28-29) for a two-day workshop to learn how to implement new “corporatelike” government-mandated procedures for reporting campus financial statements.

The new accounting procedures, now required by the Governmental Accounting Standards Board, must be implemented this year by all state agencies, including public colleges and universities.

In addressing campus representatives, Commissioner of Higher Education Joseph Savoie said sound financial reporting procedures are important to maintaining public confidence in the state’s colleges and universities.

“Higher education in Louisiana is big business,” he said. “It involves millions of dollars in public assets. A few years ago, when the Board of Regents started many of the major reform initiatives underway in the state today, we were guided by a simple formula – relevance plus accountability will equal confidence. Relevance – are we responding to the real needs of the people of our state? Accountability – are we having an open and honest and regular conversation about how we’re using the investment that they make in us? We thought if we did those two things, that would imbue a heightened sense of public confidence and that confidence would provide us the resources and the support necessary to do an even better job.

“These new accounting procedures,” he continued, “are intended to make financial statements for our operations more meaningful and useful to public decision makers and others

responsible for our well being.”

“This new system,” said state legislative auditor Dan Kyle, who participated in the workshop for campus finance officers, “is more like the private sector where you have corporate-type statements where they’re held accountable for everything in one statement. (In the past, campus) statements were very segmented and accounted for particular funds. The new system is more of an overall management report that will show all activities in one place just as in corporations.”

During the two-day seminar, Raymond Pipkin, a recognized accounting consultant and former University of Memphis Finance Officer, lead discussions on how to implement new standards and how these standards will affect campus financial reporting in areas such as scholarships, capital assets and depreciation.

“The objectives of Governmental Accounting Standards Board’s (new system),” Pipkin said, “is to enhance the understandability and the usefulness of general purpose external financial reports to citizenry, legislature, oversight bodies, investors, creditors. Accountability is paramount objective to financial reporting.”

GASB establishes standards to be used in preparing financial reports for state and local government entities. GASB Statements Number 34 and 35 are the new guidelines that affect higher education.

The workshop was sponsored by the Board of Regents and the Louisiana Community and Technical College, LSU, Southern University and University of Louisiana systems management boards.